COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1642-10
Bill No.: Perfected HS for HCS for HB 762
Subject: Health Care; Health, Public; Insurance - Medical; Medical Procedures and Personnel
Type: Original
Date: March 15, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
All funds*	(Unknown)	(Unknown)	(Unknown)
General Revenue	(Unknown)	(Unknown)	(Unknown)
Insurance Dedicated	$10,000	$0	$0
Total Estimated Net Effect on All State Funds*	**(UNKNOWN)**	**(UNKNOWN)**	**(UNKNOWN)**

***Expected to exceed $100,000 annually.**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Federal	$0	$0	$0
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

***Unknown revenues and expenditures annually net to $0.**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Conservation** assume this proposal would not fiscally impact their agency.

Department of Insurance (**INS**) officials state that health insurers and HMOs would be required to amend policy forms in order to comply with this proposal. INS states that they anticipate that current appropriations and staff would be able to absorb the work for implementation of this proposal. However, if additional proposals are approved during the legislative session, INS may need to request an increase in appropriations due to the combined effect of multiple proposals. INS states there are 171 health insurers and 29 HMOs that offer health insurance coverage. INS states that of the health insurers, many offer coverage through out-of-state trusts which are not typically subject to such mandates. INS estimates that 171 health insurers and 29 HMOs would each submit one policy form amendment resulting in revenues of $10,000 to the Insurance Dedicated Fund. If multiple proposals pass during the legislative session which would require form amendments to be filed, the insurers would probably file one amendment for all required mandates. INS states this would result in increased revenue of $10,000 for all proposals.

Officials from the **Department of Transportation** (**DHT**) state the Highway & Patrol Medical Plan currently does not limit direct access to obstetrical/gynecological services; therefore, this provision would have no impact on the Medical Plan. The provision of annually notifying enrollees of the cancer screenings would not impact the Medical Plan because Section 104.801 RSMo. 2000, does not require the Medical Plan to provide this notification. The Medical Plan does not provide coverage for bone density testing unless it is medically necessary, therefore, this provision would have a fiscal impact to the Medical Plan. The Medical Plan does not cover contraceptives at 100 percent and this proposal would require the Medical Plan to do so, therefore, this provision would have a fiscal impact on the Medical Plan. DHT states that menopause occurs naturally in women between the ages of 58 and 52, but it can occur as early as their late 30s or as late as their mid 50s. The assumption for this fiscal note is that menopause occurs by age 50 and a woman would be considered postmenopausal at age 50 and over. The Medical Plan's third party administrator, indicated that currently there are 245 female participants between the age of 50 and 65. Females 65 years of age and older are usually participating in a Medicare supplement policy and the Medical Plan would have to cover these tests for individuals with a Medicare supplement policy. DHT's third party administrator provides the usual and customary rate for the bone density testing. The actual bone density test would cost $147.50 and the fee for the radiologist to interpret is $62.75. Assuming that the women between the ages of 50 and 65 have met their deductible and out-of-pocket maximums, the fiscal impact for coverage of bone density testing for postmenopausal women would be approximately $51,511 [($147.50 + $62.75) X 245 females]. In the 2000 calendar year, the Medical Plan paid $121,000 in claims for contraceptives. The Medical Plan currently pays 70 percent and the participant pays 30

ASSUMPTION (continued)

percent for prescriptions. The fiscal impact for 100 percent coverage of contraceptives would be approximately $51,857 ($121,000/.70 = $172,857 - $121,000). The total fiscal impact to the Medical Plan due to this proposal would be approximately $103,386 ($51,511 + $51,857). There is 75 percent participation for MoDOT and 25 percent participation for the Patrol, therefore, there would be a $77,526 ($103,386 X .75) impact due to MoDOT and $25,842 ($103,386 X .25) impact due to the Patrol. Historically, the department and the plan members have shared in any premium increases necessary because of increases in benefits. The costs may be shared in the long run (meaning shared between three categories: absorbed by the plan, state appropriated funds, and/or costs to individuals covered under the plan). However, the department (commission) must make a decision on what portion they would provide. Until the commission makes a decision, we can only provide the cost to the medical plan.

Department of Social Services (**DOS**) officials state proposal would affect the Division of Medical Services. Currently, MC+ managed care does not provide enrollees with direct access to OB/GYN services. State law does mandate access on one annual visit. Many health plans require a referral from the enrollees primary care physician to obtain OB/GYN services. DOS states this would increase their capitated rate when the health plans re-bid their contracts. The MC+ managed care and the fee-for-service programs do not currently notify enrollees of cancer screenings. This requirement would increase administrative cost for both the MC+ health plans and the fee-for-service program. DOS states the fiscal impact to the Division of Medical Services is unknown.

Officials from the **Missouri Consolidated Health Care Plan** (**HCP**) state this proposal would allow members to directly access participating obstetricians or gynecologists without a referral from a primary care physician (PCP). HCP states the more "open" the access to providers, the higher the premium associated with the product. As evident in the HCP plans, the open access plans are considerably more costly than those requiring a PCP referral to a specialist. In some cases there could be a cost savings by not duplicating services. However, other members may inappropriately access OB/GYN providers, thereby increasing costs. One cannot predict how many would directly access these providers or for what services. HCP states this proposal has an unknown fiscal impact.

HCP states notifying members of available cancer screenings may be an additional cost to the plans. However, HCP assumes this cost would be minimal as most plans currently do mailings to their members. Providing coverage for bone density test for postmenopausal women and requiring 100% coverage for all contraceptives should have a minimal impact. Bone density testing is not a new procedure so the cost should reflect this. Also, the plans currently cover the bone density testing when medically necessary. HCP plans currently cover oral contraceptives at 100%. Covering the additional contraceptives at 100% would be more costly, however the impact should be minimal.

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ASSUMPTION (continued)

Department of Public Safety - Missouri State Highway Patrol officials did not respond to our fiscal impact request.

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
ALL FUNDS			
Costs - All Funds			
Increased state contributions*	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON ALL FUNDS*	**(UNKNOWN)**	**(UNKNOWN)**	**(UNKNOWN)**
GENERAL REVENUE FUND			
Costs - Department of Social Services			
Medical assistance payments	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**(UNKNOWN)**	**(UNKNOWN)**	**(UNKNOWN)**
INSURANCE DEDICATED FUND			
Income - Department of Insurance			
Form filing fees	$10,000	$0	$0
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	**$10,000**	**$0**	**$0**

***Expected to exceed $100,000 annually.**

FISCAL IMPACT - Local Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

Small businesses would expect to be fiscally impacted to the extent they would incur additional health insurance premiums as a result of the requirements of this proposal.

DESCRIPTION

This proposal would require each health carrier that offers or issues benefit plans that provide obstetrical, gynecological, and pharmaceutical coverage which would be issued, continued, or renewed in Missouri on or after January 1, 2002, to provide enrollees with direct access to the services of a participating obstetrician, gynecologist, or participating obstetrician/gynecologist of her choice within the provider network. This requirement would be consistent with Subsection 4 of Section 354.618, RSMo, pertaining to open referrals for covered obstetrical and gynecological care within a provider network. The services covered by this provision would be limited to services defined by published recommendations of the Accreditation Council for Graduate Medical Education for Training Obstetricians, Gynecologists and Obstetricians/Gynecologists. A health carrier would be prohibited from imposing a surcharge or additional co-payments or deductibles upon enrollees who seek obstetrical or gynecological services covered by the proposal unless similar charges would be imposed for other types of health care services received within the provider network. Enrollees would be required to be notified of cancer screenings at intervals consistent with current American Cancer Society guidelines. The cancer screenings would be covered by the enrollee's health benefit plans. Health carriers would be required to provide coverage for diagnosis, treatment, and appropriate management of osteoporosis for individuals with a condition or medical history for which bone mass measurement is medically indicated for such individual. If a health benefit plan would also provide coverage for pharmaceutical benefits, the plan would be required to provide coverage for contraceptives either at no charge or at the same level of deductible or co-payment as any other drug on the health benefits plan's formulary. Coverage for contraceptives would include drugs, devices, or methods that prevent conception. The provisions of the proposal would not apply to supplemental insurance policies, life care contracts, accident only policies, specified disease policies, Medicare supplement policies, or long-term care policies. The coverage for contraceptives would not require any person or entity to provide contraceptive coverage if the coverage would be contrary to moral or religious beliefs sincerely held by a person who stands in a direct relationship with an entity. Entities would required to document sincerely held moral or religious beliefs but would not be able disclose the information.

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DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Conservation
Department of Insurance
Department of Transportation
Department of Social Services
Missouri Consolidated Health Care Plan

NOT RESPONDING: Department of Public Safety - Missouri State Highway Patrol

Jeanne Jarrett, CPA
Director

March 15, 2001

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